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# Present Day Prices

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OUR greatest post-war problem is undeniably the high cost of living. Its solution presents an even greater problem. Before those of us who would attempt a solution is arrayed a complication of conditions, appalling in their magnitude. It is evident after a careful consideration of all of these conditions that time—in this case as in many others—will be the solvent of our national puzzle. Only through gradual adjustment to the economic standards of former days can equilibrium be attained.

It is a concurrent opinion, however, that a safe and sane adjustment may be directed through a proper realization of the significance of prevalent conditions. Further than this no predictions can be forthcoming. The outcome rests with the people themselves, with their realization of responsibility and their understanding of the influence of individual action upon the general surface of affairs.

Our first duty is to understand thoroughly the facts in the case. The prices of things that enter into our daily lives are nearly twice as much as they were before the war. In England they are three times as much and in Germany and Russia still higher.

This means that, pending adjustment to new conditions, a great hardship falls upon all of us. Those of us who are dependent upon salaries have found, to some extent, a remedy in an increase of pay. This increase, on the other hand, is immediately reflected

in the cost of living. We find ourselves, therefore, getting nowhere by such tactics except to the point where industrial disaster stares us straight in the face. We realize that we cannot indefinitely continue to raise both wages and living cost. The time has arrived when we must stop the operation of such a vicious circle. The plea now is to ask the patriotic people of America to halt in their desires to better their own conditions selfishly and to consider the interests of everyone; to hold the line steady until the economic forces begin to operate, production increases and the normal law of supply and demand becomes operative.

## CAUSES FOR THE HIGH COST OF LIVING

Getting at the root of the matter, it is evident that the chief causes for the high cost of living are decreased production incident to the war, inflated currency due to government borrowings, and heavy taxes which are passed on by business men to the ultimate consumer.

## SOLUTION OF THE HIGH COST OF LIVING

### *Increased Production versus Decreased Consumption*

Working with these truths as a basis, the solution of the problem then appears to simmer down to a very simple explanation—produce more or consume less. The law of supply and demand is now, and always will

be, the sole cause and regulator of commercial value. If production cannot be increased rapidly enough to overtake the unprecedented demand, then demand must be curtailed until supply has been given a chance. The need for increased production is shown on every hand and in every line of business.

The Department of Justice has advocated from the very start the necessity for stimulation of production. Instead of shirking and slackening our efforts, how vastly better it is for the country, for the world and for our own individual selves to roll up our sleeves and tackle the proposition of restocking the world.

Recognizing this then, our path lies straight before us. Awaiting the realization of our aims, however, the question of control of prices presents itself for consideration and its answer seems a likely alleviation for besetting conditions.

#### PRICE CONTROL

My own view is, and I believe it can be substantiated from five years of food control all over the world, that until shipping, credits and production become normal there is no effective control of the cost of living that can be set up which is not based on an absolute control of prices and distribution of the great underlying staple commodities.

By this I do not mean price fixing of those commodities, but price stabilization through provision for proper storage of surpluses in the flush season, through control of exports, imports, foreign buying and conditions of credits to foreign nations in such manner as to protect both consumer and farmer.

The control of the middle man and the elimination of speculation in such circumstances is not insuperable, because the margins which should be charged by such trade in the steps of distribution can be determined, and, with a knowledge of the basic price, their conduct can be constantly checked in the public markets by a mere price inquiry and advertisement to the public. This basic system was, of course, destroyed when the government took down the export control and dissolved the Food Administration.

The removal of these safeguards and the vast world speculation in anticipation of the removal of the blockade against central Europe has produced a sickening rise in prices and a lot of profiteering. This is of two sorts. First, vicious speculation for rise in price, and second, the tendency of the whole world to protective buying.

Our weapon against this state of affairs is the enforcement of the Lever Act by the Department of Justice. In the middle of August, the department inaugurated a campaign to discover and prosecute violators of the Food Control Act. Section 6 of the act provided a penalty for hoarding and Section 7 authorized the seizure and sale of hoarded necessities. Eleven hundred and seventy-six prosecutions have been instituted under all sections. In all, sentences have been imposed in 107 cases. The sentences have ranged from five months in jail and \$5,000 fine to small fines.

The educational and constructive organization of the Department of Justice which now operates in the direction of controlling prices, is the High Cost of Living Division. Its

field organization is comprised of state fair price commissioners, who have authority to appoint such committees in cities, towns or counties to determine upon fair prices or fair margins of profit to be allowed on the necessities of life.

The fixing of these prices or margins is not arbitrarily done, but only after full consideration of business interests, and their active coöperation is encouraged by the fair price commissioner at all times. Where possible, the different business and trade interests in a community are represented on those fair price committees.

No one element alone will reduce the present high prices, but by a full coöperation of all elements and by constructive policies being determined upon by the different interests and put into effect by the Department of Justice through its duly organized agents, there is reason to believe that we may anticipate material reductions on certain of the necessities of life in reasonable time.

Our government or any agency of the government cannot singly accomplish the desired results, but by a complete coöperation of the public, labor and business interests, we may anticipate an early reduction in prices. There should be an organization of fair price committees in every city and county backed by the mayors and prosecuting attorneys with the support of the United States attorneys.

#### ECONOMIC SITUATION IN THE UNITED STATES

Supplementing these definite activities, the department is attempting to bring home to individuals a proper understanding of the economic situa-

tion prevailing in the country. Recognizing the value of concerted action on the part of all, the department is endeavoring to set the situation frankly before the people.

#### *The Price Level*

The first thing we believe that people need to do to approach such understanding is to adjust themselves to the price level approximately double the pre-war basis, with no tendency to fall, and considering only our pre-war debt (which would be doubled in commodities and labor if prices fell to pre-war level) the hardship of pre-war creditors must be forgotten.

#### *Under-Paid and Over-Paid Labor*

Secondly, people must coöperate in establishing a wage scale commensurate with the cost of decent living conditions. If there is to be contentment in the nation, labor must be neither under-paid nor over-paid. In certain industries now, wages are much higher than the standard necessary to meet fair living expense, and in these industries they will have to come down to a reasonable level. Where labor is much over-paid the commodity which it produces will be priced exorbitantly to the buying public. Where it is under-paid it will be a source of weakness to the nation.

#### *Necessity for Increased Production*

Thirdly, people must be educated into the confident knowledge that with a price level insured against falling we may and must increase our rate of production in order to raise our scale of living. For even with the equitable division of the joint products of our labor that will naturally come under a condition of full employment,

we cannot escape the fact that the sum total of our products is all that can be divided. If we produce much we will divide much; if we produce little we will divide little and live poorly.

#### *Stable Average Prices*

Lastly, we must consider very carefully and treat more drastically than ever the conspiracies that seek to control the price of any products, or of the labor that enters into its production. The absolute assurance of stable average price which is now set up for years to come makes possible the full employment of all our peoples all the time they wish to work, and an equitable distribution of the fruits of our efforts can only be assured by full and free competition in every department of activity.

The exercise of individual initiative must be encouraged and monopoly in every form must be prohibited. When and wherever an activity is necessarily monopolistic, as in public utilities, they must be publicly owned and operated. Wise statesmanship will take this view and wise citizenship will sustain it. A period of human progress is at hand and the sooner we adjust ourselves to it the better.

Our recognition of the right of labor to live better than it has ever lived before and our determination to continue our economic condition in which the demand for labor will always equal or exceed the supply will emancipate labor the world over, and eliminate the well-meant but ill-advised efforts of organized labor physically to fight or coerce its way to justice.

We should appreciate the efforts of employees as well as employers to organize for the purpose of studying the great questions that concern them, for a lack of knowledge is at the bottom of all our trouble. But we live as a nation; as a nation we will suffer if they are allowed physically to fight or angrily to intrigue for supremacy, or to monopolize their products and profiteer at the expense of the country.

The Great Seal of the United States bears a prophecy that is now to be fulfilled, *Annuit coeptis novus ordo seclorum*—"The things accomplished promise a new order for the ages." A new era is at hand in which intelligent and honest investigation and the application of the Golden Rule to human disputes shall take the place of force and intrigue and to this nation the world is looking for the initiative.